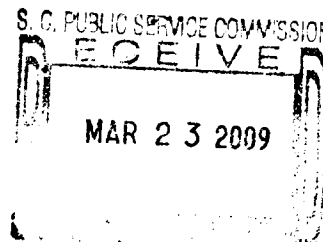


215869

MELROSE UTILITY COMPANY

PO Box 23285
Hilton Head Island, SC 29925
Phone (843) 341-4899



March 18, 2009

Via U.S. Certified Mail

Mr. Charles L.A. Terreni, Chief Clerk & Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, SC 29211

Re: Docket 2009-48-S, Melrose Utility Company – response to public notice received February 23, 2009

Dear Mr. Terreni:

This letter is in response to the Public Notice received by Melrose Utility Company ("MUC") on February 23, 2009 and as submitted to the Public Service Commission by G2 Utility Management, LLC.

As a result of a reduction of staff and management oversight resulting from the termination and departing of the Resort employees who had been handling the accounting responsibilities of MUC, I have only recently asserted myself into the operations of this company and am trying to make sense of where we are.

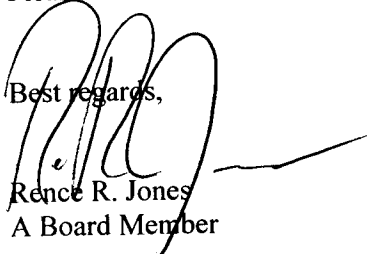
MUC is currently experiencing a financial crisis – first and foremost, its largest customer, Daufuskie Island Resort & Breathe Spa, filed for Chapter 11 Bankruptcy protection on January 20, 2009, rendering unable to pay its bills. Furthermore, the Accounts Receivable for MUC is more than \$60,000, with most of this balance coming from delinquent accounts of lot owners who simply refuse to pay their balances. These two issues coupled together make it extremely difficult to pay our invoices to Haig Point Utility Company (G2).

We have been working with the principals of G2 on their interest in purchasing MUC and expect to be under contract within less than 30 days. However, at the present time, MUC is doing all it can to collect fees from its customers and pay a portion of its monthly fees to G2. These invoices are not being paid in full. Absent of our ability to penalize our delinquent customers in hopes of collecting these owed monies, there is no way our monthly bills can be paid in full.

I have been working with Mr. Willie Morgan and Ms. Elizabeth Ford (both very helpful and friendly voices in assisting me) over the past few weeks in an effort to straighten out the operations of MUC. I am confident this can be accomplished, but I will need more time in order to complete.

Please feel free to contact me directly with any comments or advice regarding.

Best regards,


Rence R. Jones
A Board Member

Cc: Mr. Jamie Karabinchak, Haig Point Utility Company